weekly economic review

March 28, 2013

Consumer Price Index (CPI)

Inflation increases in February, remains lowest in country

Inflation in Alberta returned to positive territory, registering 0.9% in February. The increase in consumer prices was largely due to increases in gasoline (+3.8%), vehicles (+3.2%) and natural gas (+20.8%). Inflation was held down by a 31.6% decline in electricity prices. Excluding food and energy, inflation was 1.4% in February, suggesting that underlying inflation remains modest.

Canada's inflation rate was up in February to 1.2% due to rising prices for vehicles and gasoline. Core CPI inflation, which the Bank of Canada considers most relevant when making interest rate decisions, increased to 1.4%, below the Bank's target of 2%.

Average Weekly Earnings

Alberta average weekly earnings dip

Alberta average weekly earnings fell by $5 to $1,090 in January. Earnings remain 3.6% higher than the same month last year. Year-over-year gains in weekly earnings were mainly due to gains in the hourly wage rate, as average hours worked per week remained flat. Earnings declined the most in accommodation and food services (-4.7%), while the management of companies and enterprises industry posted the largest increase of all industries at 15.5%.

Nationally, average weekly earnings increased 0.1% to $908, and were 2.7% higher than the same month last year.

Real GDP by Industry

Modest growth in January

Canada's real GDP grew by 0.2% in January, reversing the 0.2% decline from December. Manufacturing output, with strong growth in durable goods production, led the gains at +1.2%, following a 1.9% decline in December. Mining, quarrying, and oil & gas extraction was up 0.3%, as gains in support activities and non-conventional oil extraction more than offset substantial declines in conventional oil and gas extraction. There were notable decreases in output from professional, scientific and technical services (-0.2%), finance and insurance (-0.1%) and administrative and support services (-0.4%).

Rigs Drilling

Drilling activity continues to trend lower

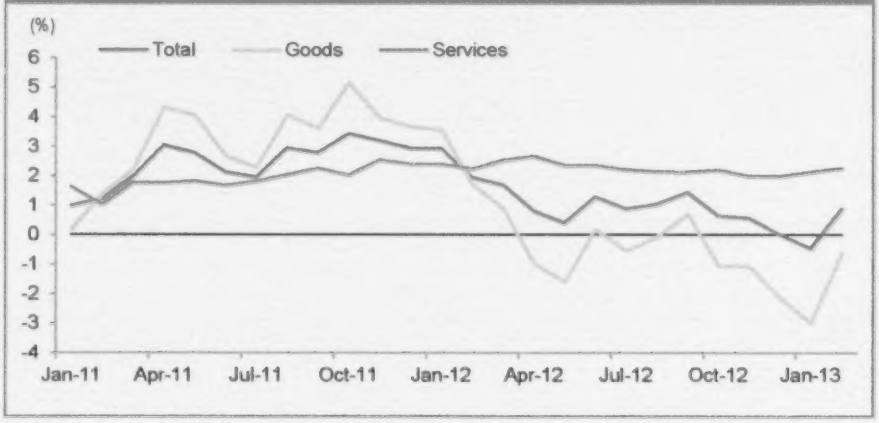
Rigs drilling continued to move lower, posting the tenth consecutive year-over-year decrease in March. The average number of rigs drilling in Alberta was 306, down 9.4% from the same month last year. Despite the drop, Drilling in March is still above the five-year monthly average.

Natural Gas Market

Natural gas prices move up

The NYMEX spot price for natural gas closed at $US4.07/MMBtu on Wednesday, up almost 25% in a little over a month. This is the first time prices have been above US$4.00 since September 2011. The price increase has been led by a higher than expected drawdown in US inventories over the past month due to localized cold spells in March. There are also signs that natural gas production in the US is slowing, as the US Energy Information Agency reported a drop in US dry gas daily production in December.

CPI (year-over-year change)



Source: Statistics Canada

Closing Price	March 21, 2013	March 27, 2013	2012-13 Fiscal YTD
Canadian Dollar (US /$CAN)	97.65	98.37	99.86
WTI Oil ($US/bbl)	92.45	96.34	91.95
NYMEX Natural Gas($US/MMBtu)	3.94	4.07	3.04

Alberta Economic Indicators

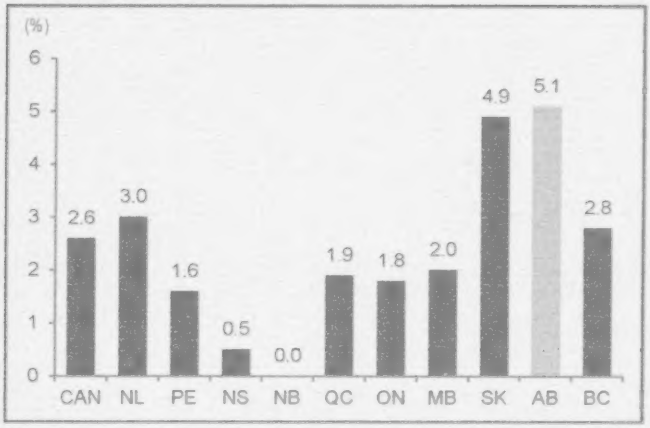
Population	2011	2012	2013YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population (000's)	3,778	3,874	3,931	3,907	..	..	3,931	..	..
y/y % change	1.5	2.5	3.0	2.9	..	..	3.0	..	..
Net Interprovincial Migration[1]	8,443	28,170	25,448	13,915	..	..	11,533	..	..
Net International Migration[1]	16,703	37,990	17,105	10,809	..	..	6,296	..	..
Net Non-permanent Residents[1]	-7,604	9,721	2,813	3,946	..	..	1,133	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,177	2,162	2,170	2,165	2,175	2,179	..
y/y % change	3.8	2.7	2.2	1.8	1.9	1.5	1.9	2.5	..
Unemployment Rate (%), SA	5.5	4.6	4.5	4.4	4.2	4.5	4.5	4.5	..
Participation Rate (%), SA	73.7	73.4	72.9	73.1	73	72.9	72.9	72.9	..
NEW: Average Weekly Earnings ($), SA	1,035.70	1,072.75	1,090.33	1,090.61	1,091.24	1,095.14	1,090.33	..	..
y/y % change	4.4	3.6	3.6	4.2	4.4	3.9	3.6	..	..
Price Indices									
NEW: Consumer Price Index (y/y % change)	2.4	1.1	0.2	0.6	0.6	0.0	-0.5	0.9	..
Excluding food and energy	0.8	1.3	1.1	1.2	0.9	1.1	0.8	1.4	..
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	..	..	..	3.0	..	..	..
Farm Product Price Index (y/y % change)	18.0	4.4	..	1.2	2.0	2.7	..	..	..
Crops	19.3	1.9	..	3.5	3.0	4.3	..	..	..
Livestock	16.7	6.7	..	-0.9	1.3	1.4	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	25.7	33.4	31.3	33.7	39.8	30.0	29.3	35.3	..
y/y % change	-5.1	29.9	7.8	-0.2	32.4	5.0	11.9	4.3	..
New Housing Price Index[3] (y/y % change)	0.4	1.3	2.2	1.6	1.7	1.9	2.2	..	..
Edmonton	0.9	0.9	0.9	0.8	0.8	1.0	0.9	..	..
Calgary	-0.1	1.7	3.3	2.4	2.8	3.1	3.3	..	..
MLS Average Resale Prices ($ 000's)	352.7	362.0	373.8	369.5	370.7	372.2	367.6	379.9	..
y/y % change	-0.5	2.6	5.5	3.9	4.2	5.2	6.6	4.5	..
Edmonton ($ 000's)	324.2	332.7	340.3	336.8	343.0	345.9	337.6	343.0	..
y/y % change	-0.7	2.6	2.1	2.0	5.3	4.4	1.6	2.5	..
Calgary ($ 000's)	401.9	410.8	430.5	421.4	419.3	436.0	422.5	438.4	..
y/y % change	1.1	2.2	9.1	3.5	3.1	8.3	12.4	6.1	..
Retail Sales, SA (y/y % change)	6.9	7.6	2.9	6.0	4.1	2.4	2.9	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	3.6	9.1	2.6	-0.7	3.6	..	..
NEW: Consumer Bankruptcies	7,029	5,759	446	489	420	346	446	..	..
y/y % change	-13.8	-17.3	-13.7	-5.0	-27.2	-28.4	-13.7	..	..
Business Sector									
NEW: Rigs Drilling	286	250	365	236	258	287	368	422	306
y/y % change	30.4	-12.6	-8.5	29.6	-21.8	16.6	-8.2	8.1	-9.4
Goods Exports, customs based (y/y % change)	18.5	2.4	..	7.0	3.2	-13.7	..	..	..
Energy	19.2	2.9	..	9.4	1.9	-17.6	..	..	..
Farm, Fishing and Intermediate Food	27.2	20.4	..	26.2	6.3	20.0	..	..	..
Farm Cash Receipts (quarterly, y/y % change)	15.2	15.0 (YTD)	..	..	..	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	18.0	5.3	0.0	1.2	-5.8	-6.6	0.0	..	..
NEW: Wholesale Trade, SA (y/y % change)	15.0	11.0	3.4	3.9	4.2	3.7	3.4	..	..
Building Permits, SA (y/y % change)	11.8	14.7	24.3	25.0	44.7	-5.4	24.3	..	..
Residential	5.2	17.7	20.4	14.5	23.3	2.2	20.4	..	..
Non-residential	20.9	11.0	30.9	42.0	78.4	-13.0	30.9	..	..
NEW: Business Bankruptcies	264	230	10	18	15	10	10	..	..
y/y % change	-30.2	12.9	-50.0	40.0	-21.1	-11.1	-50.0	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted; "SAAR" denotes seasonally adjusted at annual rate.

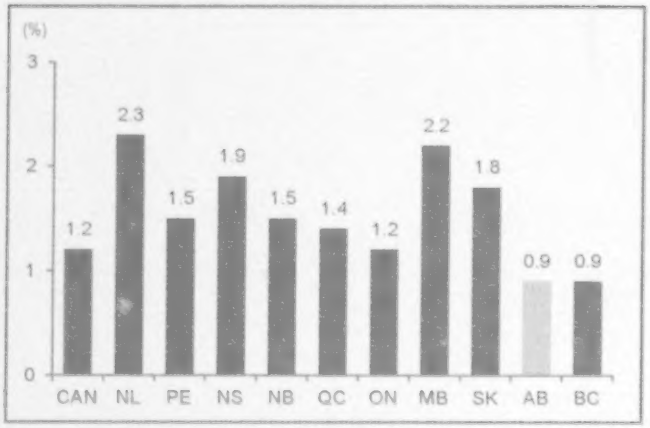
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

Economic Indicators by Province

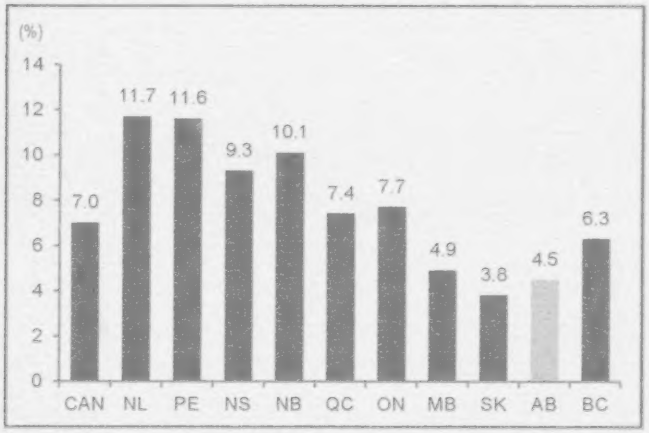
Real GDP Growth by Expenditure
(2011, year-over-year growth)



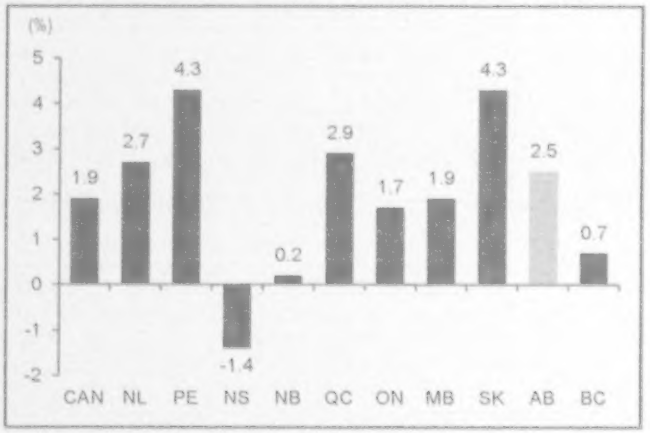
CPI Inflation
(February 2013, year-over-year growth in CPI)



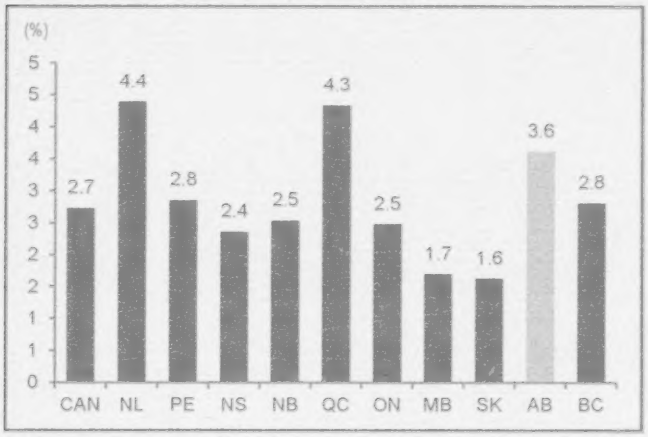
Unemployment Rate
(February 2013)



Employment
(February 2013, year-over-year growth)



Average Weekly Earnings
(January 2013, year-over-year growth)



Housing Starts
(February 2013, SAAR, year-over-year growth)